UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

RYAN SHEEHAN, \* Case No. 19-CV-4154 (DLI)

\*

Plaintiff, \* Brooklyn, New York

\* July 14, 2021

V.

\*

CONSENSYS, INC.,

\*

Defendant.

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TRANSCRIPT OF CIVIL CAUSE FOR STATUS CONFERENCE
BEFORE THE HONORABLE TARYN A. MERKL
UNITED STATES MAGISTRATE JUDGE

## APPEARANCES:

For the Plaintiff: JORDAN A. El-HAG, ESQ.

El-Hag and Associates PC

777 Westchester Avenue, Suite 101

West Harrison, NY 10604

For the Defendant: SCOTT M. COOPER, ESQ.

Davis Wright Tremaine LLP

1251 Avenue of the Americas, 21st Fl

New York, NY 10020

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THE CLERK: This is civil cause for a status conference, Docket 19-CV-4154, Sheehan vs. Consensys, Inc. Before asking the parties to state their appearance, I would like to note the following.

Persons granted remote access to proceedings are reminded of the general prohibition against photographing, recording and re-broadcasting of court proceedings.

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Will the parties please state their appearances for the record, starting with the plaintiff?

MR. EL-HAG: Jordan El-Hag on behalf of plaintiff. Good afternoon, Your Honor.

THE COURT: Good afternoon.

MR. COOPER: Good afternoon, Your Honor. This is Scott Cooper of Davis Wright Tremaine on behalf of Defendant Consensys.

THE COURT: Good afternoon. So we're here today, obviously new to this case which has been pending for a while. I'm trying to get a sense of what's going on.

Obviously, we have reviewed the documents on the

docket, including the most recent letters indicating that the plaintiff is still suffering following his medical crisis of 2020.

So I'd like to start with you, Mr. El-Hag, to get a sense of where things stand with regard to the plaintiff and what you think we need to do with this case.

MR. EL-HAG: Thank you, Your Honor.

To be honest, this is really the first time I've ever had to deal with something like this, so I'm just kind of going with the -- I don't want to say the flow, but as things develop, I'm just trying to advocate the best I can on behalf of my client.

You know, the family would like to try to resolve this case and focus on Mr. Sheehan's health and recovery if at all possible.

I think they're very flexible and willing to do so at what they would consider a nominal settlement amount.

Obviously, Mr. Sheehan has more significant issues he has to deal with in his life at this point.

At the same time, you know, his parents -- his mother has power of attorney, doesn't want to just, you know, give up on the lawsuit if at all possible. I don't think -- not that I don't think.

Mr. Sheehan really can't participate fully in litigation at this point. He does need more time to heal.

He is capable of making decisions concerning the direction of the case with the assistance of his mother as power of attorney.

However, he really, you know, because of his medical crisis, lost his ability to see. And so he really can't read documents. He's still learning how to walk again. And this is just this slow progression of healing.

And I don't think there's a medical consensus as to, you know, hey, this is the best it's going to be for him or if more time is needed and, you know, what is expected. Like nobody really knows. They don't know what caused this to him. So I'm kind of flying in the dark.

And I think the preference for the family would be to just settle this for, you know, a number they feel is reasonable and fair.

And if that's not possible, they'd like to just afford their son the opportunity to heal until it's determined that he either can't participate any longer or he can, and he can litigate the claims.

THE COURT: So is it fair to say that the prognosis is unclear?

MR. EL-HAG: Yes, Your Honor.

THE COURT: And the timing is also very unclear?

MR. EL-HAG: Yes. And to be honest, I would -- I -- it's -- you know, I haven't had -- because of COVID and

everything, it's been a little difficult to -- you know, I can't get access to the doctors so easily. I don't have a detailed medical report.

And if the Court would want something like that,

I -- I'd have to get in touch with his doctors and try to get
something more detailed. But all my communications with the
families, they just -- they don't know how things are going to
develop.

THE COURT: Right. All right.

So turning to you, Mr. Cooper. What are your thoughts on what Mr. El-Hag just shared with regard to the family's interest in trying to resolve this matter to permit Mr. Sheehan an opportunity to sort of focus on his health and recovery?

And, you know, I understand that discovery may have been interrupted in this case, but I'd like to hear your thoughts on the potential for settlement discussions to resume or what you think we need to do with regard to this case.

Mr. Cooper?

MR. COOPER: Well, Your Honor, with regard to settlement, I mean, this -- Mr. Sheehan's claims were frivolous from the outset, and they remain frivolous now. My client's not -- they're not willing to pay to settle.

We can entertain discussions about a walkaway in which we would agree -- excuse me, we would agree -- in

exchange for Mr. Sheehan voluntarily dismissing his claims with prejudice, we would agree to not pursue our costs and fees following our motion for summary judgment.

But other than, there's no appetite at this time to pay any money to settle, especially given the fact that Mr. Sheehan, according to Mr. El-Hag, is in no position to litigate.

And there's absolutely no information or suggestion coming from the other side of the V, so to speak, as to when Mr. Sheehan, if ever, will be able to resume prosecuting his own claims.

The second part of your question, Your Honor, as to, okay, well, you know, let's picture a world where, eventually, hopefully in the near future, Mr. Sheehan is able and available to prosecute his claims through discovery, what would need to happen to get us back on track, in short, Your Honor, we would need, I would imagine, you know, no fewer than several executed HIPAA authorizations.

We need, at this point, Your Honor, a year's worth of medical records from his third-party healthcare providers.

You know, to catch you up to speed, Your Honor, absolutely nothing has happened with regard to discovery in the past year that Mr. Sheehan claims to have been incapacitated.

And, you know, judging from Mr. El-Hag's

representations, I would imagine that between a coma and cardiac arrest and recovery, this is -- there are probably thousands of pages of medical records and files and charts to which we would be entitled and would have to review and would have to, you know, incorporate into a larger or greater deposition outline and eventually -- to eventually be prepared to take Mr. Sheehan's deposition.

In addition to Mr. Sheehan's eventual deposition, if he decides to prosecute this case, we might also need to take the deposition of his one-time mental health therapist, Dr. Susan Jocelyn.

Other than that, you know, the -- from where we sit right now on the 14th of July 2021, those are the big hurdles once -- or if this case gets back on track.

THE COURT: Can I please ask why you think the current medical records would be discoverable or relevant to his claims that were filed in July of 2019?

MR. COOPER: Well, Your Honor, Mr. Sheehan is claiming damages for significant -- severe emotional distress. So it -- if what Mr. El-Hag has been telling us for the last year or so is true in that Mr. Sheehan has been going through this ordeal, and he's remained either blind or, you know, significantly impaired with regard to his vision and any number of functions, it would follow, I think, that his medical condition and anything and everything related to it

would have some impact on his mental or emotional state such that it would trump any sort of distress that he might otherwise be feeling from losing his job with Consensys back in April of 2018.

THE COURT: Mr. El-Hag, do you have thoughts on my question that I first posed to Mr. Cooper, which is the potential relevance of the current medical situation and the records related to his medical emergency and how, if at all, they relate to a fair ascertainment of the issues that were filed in this case preceding that incident?

MR. EL-HAG: Mr. Cooper is technically correct. I think that when an -- when a plaintiff is claiming emotional distress damages, nearly all the medical records are fair game.

I don't believe that we would be seeking emotional distress damages based on the suffering that Mr. Sheehan has incurred, you know, post this medical crisis. So I don't know how relevant those would be.

I think that prior to, you know, the medical crisis, anything is fair game. But there would just be no way that we would be able to reasonably argue that, you know, he would be -- you know, any of this pain and suffering after his healthcare issue that he's current dealing with was caused by the defendants.

So I don't really they're relevant, because we

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wouldn't be arguing that the emotional distress was caused after his issue. But I would leave that to the Court. And I don't know what Mr. Cooper's response would be to my position.

at. When you have a major intervening incident like this, you know, the question, I guess, then is the scope of the claim damages and whether or not there's any attribution of his current situation to the actions that he complains about with regard to his loss of employment in this case.

So, Mr. Cooper, do you have any further thoughts on this matter?

MR. COOPER: Well, Your Honor, I mean, I do not want to put words in Mr. El-Hag's mouth. And certainly, if my interpretation of what he just said is incorrect then, you know, I'm happy to be corrected.

But it sounds as though Mr. El-Hag -- and perhaps he might need to speak with his client or his client's family before committing to this, but if what Mr. El-Hag is proposing is some sort of stipulation that, you know, as of this point, Mr. Sheehan is no longer pursuing emotional distress damages, then certainly that's something that we could entertain.

And I think as a follow-up on top of that, if the parties were to engage in some sort of stipulation to that effect that -- then, yes, to your point, Your Honor, I don't think we would need to go down that road to -- certainly not

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to the extent that I had articulated a few moments ago about obtaining the last year's worth of medical records if, of course, Mr. Sheehan is not pursuing emotional distress.
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THE COURT: I don't think he said that. I think -I don't think he said he wasn't pursuing emotional distress
damages at all.

I think he said that there was emotional distress that occurred prior to this medical crisis that he suffered in May of 2020 and that any and all medical records relating to Mr. Sheehan's care and treatment in advance of this crisis could be discoverable but that he was not in any way saying that the emotional distress he's currently suffering under, in light of his changed situation, is attributable.

Is that -- Mr. Hag, am I -- Mr. El-Hag, am I getting your position a little bit more accurately?

MR. EL-HAG: You are, Your Honor. And I would even, to my client's detriment, expand upon that. Even a back-pay award would be, at this point, you know, cut off, because my client is just unable to work at this point from the medical crisis. So I think largely the damages were for the most part cut off like once this medical issue has -- took place.

THE COURT: Well, that's a very fair --

MR. EL-HAG: Because he -- he --

THE COURT: -- assessment.

MR. EL-HAG: Yeah. He's unable to -- yeah. He's

unable to work. So he can't -- he's not entitled to back pay under the law, so --

THE COURT: So in light of this additional context,

Mr. Cooper, is it a fair statement that the defendant has

literally no interest in having settlement discussion, even if

it's a nuisance value to just have this case settle?

MR. COOPER: I mean, I can't kind of preemptively say, Your Honor, that if Mr. El-Hag, just speaking hypothetically, came to me tomorrow and said, okay, if Consensys is willing to pay \$100, we'll settle the case, I can't tell you right now, Your Honor, that Consensys would say no way, it's walk away or nothing.

But I can tell you that Mr. El-Hag has not approached us in recent years about settlement. We don't know what he means by what the family might consider a reasonable amount. And I do know that, as of now, I'm only authorized to suggest or propose the -- a walkaway as I did earlier.

THE COURT: I understand. I do think, though, given the incredibly difficult change of circumstances that the plaintiff is facing in this case that it would make sense for the two of you to try to have a settlement conversation, whether that's privately or, you know, with the Court's support.

But before we turn to that, I want to also follow up with one thing with Mr. El-Hag as to the plaintiff's current

circumstances. The docket had indicated, you know, some back and forth with regard to whether or not there needed to be a guardian ad litem appointed on behalf of the plaintiff here. It does sound like his medical situation has changed somewhat over the months that he has been ill.

What is happening with him legally? You said his mother has power of attorney. Is there anything else that needs to be done to protect his interests and rights,

Mr. El-Hag?

MR. EL-HAG: No, Your Honor. According to his mother, you know, Mr. Sheehan is capable of, you know, having a conversation.

And, you know, if something is explained to him, he can process it and make a decision for himself. But, you know, he's really unable to care for himself, and she had power of attorney for managing his -- you know, his disability payments, things along those lines. He's living with them.

So he can make decisions concerning the case, according to her. If we would need a doctor to provide an opinion concerning that, you know, I'd -- I'd have to obtain that. But according to the family, they say that he is capable of making a decision and is cognizant.

THE COURT: Okay. So, you know, in terms of next steps, obviously, it sounds like discovery isn't really possible here.

But at the same time, you know, it's not a great practice to just have a case, you know, kind of lingering with a plaintiff who's not able to fully participate in the litigation, although completely for reasons outside of his control.

We understand and want -- you know, obviously want to give him the opportunity to try to recover without prejudicing him with regard to this case.

All of that being said, though, it seems to me that the parties really should try to talk about this and figure out if there is anything that the defendant is comfortable with that the plaintiff might be willing to accept in order to let both parties put this matter to rest.

So, you know, Mr. El-Hag, do you think that that's realistic for you and Mr. Cooper to try to have a conversation?

MR. EL-HAG: I am -- I'm always willing to have a conversation. Whether the defendants are, you know, interested in putting out a number that would satisfy the family and would encourage them to walk away is a different story.

I am certainly in a position where I would encourage them to really understand the benefit of settling. And it's not how they wanted this to play out, not how I wanted it to play out, but I would strongly urge them to be extremely

flexible in their negotiating position.

And, Your Honor, I just -- you know, and I'm brainstorming. I don't have this fully fleshed out and in front of me right now.

But as we're discussing it, I would point out that I think one of the barriers to resolving this case is one of the defendant's defenses, which is they are claiming that they made the decision to terminate Mr. Sheehan prior to them having knowledge of his disability. And I don't believe that that's correct based on the defendant's contention.

So to give some background, it's a disability discrimination claim. My client had addiction issues. And he went to the company, and he had expressed the need to go to rehabilitation, and he was fired, you know, almost immediately after that.

The defendant -- you know, and when we filed the charge with the Division of Human Rights, they had submitted a position statement, and they outlined a legal argument that says that they had made the decision to terminate Mr. Sheehan for legitimate business reasons prior to him disclosing this issue. And from our perspective, the termination did happen after he disclosed the issue.

And there's case law, not in this circuit but in other circuits, concerning this issue. And I was thinking that if this case is held up, and we can't resolve the case,

that we might be in a position to get an opinion on that defense while we're waiting for Mr. Sheehan to recover. We could brief that.

And I think if we lose that from the plaintiff's side, then we lose the case. If we prevail on it, then I think that would change the defendant's perspective. But, obviously, it's -- that's theoretical.

And I think Mr. Cooper might be able to elaborate a little bit more on the defense and my -- the idea, but I just wanted to put that out there as something to consider as a way to kind of move the ball.

THE COURT: Well, that is an interesting question, the question of whether or not there are certain facts in the case that could be fleshed out regardless of Mr. Sheehan's ability to participate that could be -- kind of move the case in one way or the other. So, Mr. Cooper, do you have any thoughts on that?

MR. COOPER: Well, Your Honor, I don't think we would have any interest at all in doing that, frankly.

If Mr. Sheehan is unavailable to participate in some of the basic elements of discovery such as sitting for a deposition, I don't know why we would want to jump the gun and start making our summary judgment arguments and putting together our -- what sounds like a mini summary judgment brief in advance of the completion of discovery in a case that might

never pick up or resume again.

And Mr. El-Hag is right. That is -- the issue that -- to which he alludes -- or the fact to which he alludes is a big sticking point for Consensys that -- I don't want to get too far into the weeds unless you really want to, Your Honor, but that the basics from our standpoint the case is that Mr. Sheehan was hired and started in or about the first week of February 2018.

He consistently left work without notice, was unavailable when he was supposed to be available, was completely unproductive and unreliable, was warned about this and the need to improve.

His two supervisors scheduled a meeting with Mr. Sheehan to address these very issues and get him -- and put him on notice that he was on, you know, his last leg, so to speak, give him one final chance. And Mr. Sheehan skipped the meeting without notice.

And promptly after that meeting that was supposed to take place but didn't, the two supervisors then went to Consensys management, asked for approval to terminate Mr. Sheehan's employment and received that approval in an email that, of course, is date stamped and time stamped in a -- at a date and time in advance of when Mr. Sheehan alleges that he first disclosed anything that could be considered a disability.

So from defendant's standpoint, Your Honor, it's pretty clear here. And we've shown -- we discussed this way back at the beginning of the litigation with Mr. El-Hag where we pointed out this particular email and the date stamp and the time stamp and where it all fits in within Mr. Sheehan's allegations. But, you know, we -- I guess we were unpersuasive at that point in time.

But to your direct question, Your Honor, I don't think we have any interest, speaking on behalf of defendant, in some sort of, you know, pseudo or mini or preemptive summary judgment briefing in advance of the completion of discovery.

THE COURT: So I don't think that was my question exactly. It was close but not quite. My question was, are there factual issues that we can try to resolve?

Is there anything we can do in discovery to resolve factual disputes that could move the needle on where this case is going? And it sounds like your -- the facts as you've proffered them suggest that there were internal employment issues and that the company was already making its internal decisions.

And, you know, Mr. El-Hag, do you have a factual dispute with what Mr. Cooper just laid out in terms of the timing of these -- this management meeting and when the supervisors, you know, had sent this email regarding his --

the concerns they had about his performance?

MR. EL-HAG: Yeah. There's a factual dispute, but all of the dispute would come from Mr. Sheehan's testimony. So there are emails, but there's context, you know, behind the scenes to everything that's going on. And he would have to be the one to set forth the explanation of everything. So I think --

THE COURT: Okay.

MR. EL-HAG: I don't believe that there's -- if Mr. Sheehan, ultimately -- if it's determined he can't participate, I don't see how this case can go forward.

THE COURT: Okay. I mean, and that -- it's really the question I had about whether there's a factual dispute is really the dispositive question, because it sounds like it couldn't be decided on summary judgment even if it were to be briefed if there is a fact dispute as to the timing of events, and Mr. Sheehan is one of the only participates or parties that could provide the relevant evidence.

You know, are there any other witnesses that could be, from the plaintiff's perspective, you know, deposed or anything else that could occur to help resolve any factual disputes if Mr. Sheehan cannot proceed?

MR. EL-HAG: No. No, Your Honor.

THE COURT: Okay. So, you know, I hear you, Mr. Cooper, in terms of why would you compromise the

defendant's position; why would you spend any money as

Consensys if this plaintiff is incapacitated and cannot go

forward. And the answer to that is simple: nuisance value.

Close the case. Let everybody move on with their lives.

So I would encourage the two of you to have a conversation, and a frank one, as to what is really going to happen in this case and when. Because I am very sympathetic to Mr. Sheehan's position. It sounds like he suffered a terrible medical tragedy. But it also sounds that it was truly life-changing and that, you know, these other aspects of his life are going to have — inevitably be affected.

And so, you know, I know you're doing your best, Mr. El-Hag. I -- this is a tough situation to be in as an attorney.

And I understand where you're coming from too,
Mr. Cooper. But at the same time, I do think that continuing
to have this case linger indefinitely is not in Consensys'
best interest. There -- your time is not free. And they
should -- you know, I think all the parties should really
think hard about what is reasonable to have this case just get
resolved.

So I would ask that the two of you try to have a conversation and that we set this case down for another status in about 45 days, and we'll see where we're at.

Does that sound like a plan to you, Mr. El-Hag?

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                 MR. EL-HAG: Yes, Judge.
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                  THE COURT: Mr. Cooper?
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                  MR. COOPER: Sure thing, Your Honor.
                  THE COURT: Okay. So, Ms. Cahn, are you still on
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        the line? Can we get a date for, I don't know, late August?
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        I know we're booked up, but can we try?
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                  THE CLERK: Sure. Let me take a look and see what
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       we got.
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                  THE COURT: I think that thing on August 17th might
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       be going away.
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                  THE CLERK: Okay. If it does, we can do August 17th
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       at 9:30.
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                 MR. COOPER: I'm sorry, Your Honor. I actually have
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       a -- this is Mr. Cooper. I have a deposition on that date.
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                  THE COURT: Okay. Let -- Ms. Cahn, can we find some
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       other date?
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                  THE CLERK: We can do August 19th at 4.
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                  MR. EL-HAG: This is Jordan. That's good for me.
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                  MR. COOPER: This is Mr. Cooper. I actually have
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        another deposition in the same case on that day as well. I
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       would hope that would end before 4 p.m., but I can't say with
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        any certainty, and I don't want to take up the Court's
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        schedule or calendar and have to request an adjournment at the
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       last minute.
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                  THE COURT: I understand, and I appreciate that.
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THE CLERK: Let's see.
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THE COURT: If the thing is going away on the 17th, it means it's also going away on the 16th. So do you have a deposition on the 16th as well?

MR. COOPER: Thankfully, Your Honor, I do not. So I would be happy (indiscernible) for a court appearance on the 16th.

MR. EL-HAG: It's fine for me.

THE COURT: Okay. So what time, Ms. Cahn?

THE CLERK: August 16th at 9:30.

THE COURT: Okay. That's a date. And, you know,
Mr. Cooper, I fully understand where Consensys is coming from,
but this is, obviously, a very highly unusual situation.

And, you know, I think that if the parties can have a frank conversation with the mom's involvement, Mr. Sheehan's involvement and just try to really understand kind of, you know, the likelihood that this case can proceed, I do think Mr. El-Hag's comment that the parties are willing -- the plaintiff's willing to be flexible is something that you can work with, you know?

So, you know, please do your best to have some conversations, and we will look forward to hearing from you on the 16th as to whether or not there's been any progress.

MR. COOPER: All right. Thank you, Your Honor.

THE COURT: Okay. Thank you both. Have a good

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        afternoon.
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                  MR. EL-HAG: You too.
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                  MR. COOPER: You too. Thank you.
                  THE COURT: Take care.
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        Reporter and Transcriber, certify that the foregoing is a
        correct transcript from the official electronic sound
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        recording of the proceedings in the above-entitled matter.
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